



STATE OF CALIFORNIA
**CONSUMER POWER AND CONSERVATION
FINANCING AUTHORITY**

901 "P" Street, Suite 142A
Sacramento, CA 95814
916.651.9750

MEMORANDUM

DATE: October 16, 2001

TO: California Power Authority Board of Directors

FROM: Staff

SUBJECT: *Action Item #4H) Biomass Facilities*

Action Requested

None at this time.

At the October 5th Board meeting, the issue of existing biomass facilities in California that will potentially cease operations, due to the loss of their energy market and power contract sales, was raised.

Staff has developed a process for addressing this issue. The Staff believes there may be up to 14 biomass facilities in California, with a capacity of up to 185 MW, that might initially qualify for consideration. The Authority has not yet received specific information about the performance or location of these plants. The objective of the process developed is to i) identify the facilities that will cease operations, ii) determine the capability of each to sell energy to the Power Authority, and iii) execute a 3 year fixed energy price contract, with an option for the Authority to renew or purchase the facilities upon contract expiration.

The Staff has developed a draft Data Request Form and draft Power Purchase Agreement that it is distributing to the eligible facilities. The Staff will prioritize these facilities based on criteria that are being developed. These criteria would include, for example, the facility's prior operational performance, its age, the likelihood of it immediately ceasing operations, and the price at which it would be prepared to sell energy to the Authority.

A draft timeline and list of the activities required to implement these contracts is as follows:

- 10/16: Authority staff develops Existing Biomass Facility Data Request ("Data Request") and draft Power Purchase Agreement (completed – see Attachments A and B)

- 10/17: Deliver Data Request to targeted biomass project owners (post on Authority's website)
- 10/18 – 10/26: Receive completed Data Requests from biomass facility owners.
- 10/26: Deadline for Authority to receive Data Requests.
- 10/29 – 11/9: Perform review and analysis of completed Data Requests to determine feasibility.
- 11/12-12/16: Execute biomass Power Purchase Agreements.
- Ongoing: Administer the contract implementation.

Attachments

Attachment A
Draft Existing Biomass Facility Data Request

Attachment B
Draft Non-Firm Energy Purchase Agreement
For Existing Biomass Projects